



**CHILDREN'S TRUST FUND BOARD  
TWO YEARS ENDED JUNE 30, 2003**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2004-28  
April 9, 2004  
[www.auditor.mo.gov](http://www.auditor.mo.gov)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

April 2004

**The following report is our audit of the Children's Trust Fund Board.**

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The State Auditor conducted a financial and compliance audit of the Children's Trust Fund Board (CTFB) for the two years ended June 30, 2003. The State Auditor issued an unqualified opinion on the board's financial statements. In addition, the audit did not note any material instances of noncompliance nor any material weaknesses in internal controls. The State Auditor conducts this regular audit as a voluntary service as requested by the Children's Trust Fund Board.

The CTFB was established by state statute to provide child abuse and neglect public awareness programs throughout the state. Under statutory provisions, any individual or corporation may designate a part or all of his/her income tax refund to be contributed to the Children's Trust Fund. Additional funding is derived from contributions made directly to the Children's Trust Fund, fees on marriage licenses, certified copies of marriage licenses, vital records, and federal grants. Program disbursements of \$2.6 and \$3.0 million were distributed to recipient programs in fiscal years 2003 and 2002 respectively.

During our audit, we noted the CTFB did not adequately monitor the home visitation services contracts. The CTFB disbursed approximately \$363,000 and \$361,500 related to these contracts during fiscal year 2003 and fiscal year 2002, respectively.

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YELLOW SHEET

# CHILDREN’S TRUST FUND BOARD

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## FINANCIAL SECTION

## State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON  
THE FINANCIAL STATEMENTS**

Honorable Bob Holden, Governor  
and  
Members of the Children's Trust Fund Board  
and  
Bill Heberle, Executive Director  
Jefferson City, MO 65102

We have audited the accompanying Statement of Receipts, Disbursements, and Changes in Cash and Investments and Statement of Appropriations and Expenditures of the Children's Trust Fund of the Children's Trust Fund Board as of and for the years ended June 30, 2003 and 2002. These financial statements are the responsibility of the board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1 to the financial statements, these financial statements were prepared on the cash basis of accounting or the state's legal budgetary basis of accounting, which are comprehensive bases of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash and investments and the appropriations and expenditures of the Children's Trust Fund of the Children's Trust Fund Board

as of and for the years ended June 30, 2003 and 2002, on the bases of accounting discussed in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated January 9, 2004, on our consideration of the board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements, taken as a whole, that are referred to in the first paragraph. The accompanying financial information listed as supplementary data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the board's management and was not subjected to the auditing procedures applied in the audit of the financial statements referred to above. Accordingly, we express no opinion on the information.

An integral part of the board's funding comes from federal awards. Those federal awards are reported on in the State of Missouri Single Audit Report issued by the State Auditor's office. The single audit is conducted in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.



Claire McCaskill  
State Auditor

January 9, 2004 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Peggy Schler, CPA
In-Charge Auditor:	Jeffrey Wilson
Audit Staff:	Cara Wolfe
	Lamine Bah



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Honorable Bob Holden, Governor  
and  
Members of the Children's Trust Fund Board  
and  
Bill Heberle, Executive Director  
Jefferson City, MO 65102

We have audited the financial statements of the Children's Trust Fund Board as of and for the years ended June 30, 2003 and 2002, and have issued our report thereon dated January 9, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of the Children's Trust Fund Board are free of material misstatement, we performed tests of the board's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of the Children's Trust Fund Board, we considered the board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one



or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the management of the Children's Trust Fund Board and other applicable government officials. However, pursuant to Section 29.270, RSMo, 2000, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is written in a cursive, flowing style.

Claire McCaskill  
State Auditor

January 9, 2004 (fieldwork completion date)

## Financial Statements

Exhibit A

CHILDREN'S TRUST FUND BOARD  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN CASH AND INVESTMENTS

	Year Ended June 30,	
	2003	2002
RECEIPTS		
Contributions	\$ 380,149	252,149
Marriage license fees	970,870	831,205
Vital records sales	617,274	605,447
Intergovernmental receipts	125,875	412,939
Registration fees	0	4,935
Interest	89,143	160,100
Interagency receipts	360,163	340,885
Miscellaneous refunds	16,425	803
Total Receipts	<u>2,559,899</u>	<u>2,608,463</u>
DISBURSEMENTS		
Personal service	170,239	162,429
Expense and equipment	106,869	116,484
Program disbursements	2,623,428	3,065,101
Office lease	13,860	13,860
Total Disbursements (Note 3)	<u>2,914,396</u>	<u>3,357,874</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	(354,497)	(749,411)
OTHER FINANCING SOURCES (USES)		
Transfers in (Note 4)	167,874	158,295
Transfers out (Note 4)	<u>(82,746)</u>	<u>(81,709)</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING SOURCES (USES)	(269,369)	(672,825)
CASH AND INVESTMENTS BALANCE, JULY 1	<u>3,579,584</u>	<u>4,252,409</u>
CASH AND INVESTMENTS BALANCE, JUNE 30	\$ <u><u>3,310,215</u></u>	<u><u>3,579,584</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Exhibit B

CHILDREN'S TRUST FUND BOARD

COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	2003			2002		
	Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances
CHILDREN'S TRUST FUND						
Program disbursements	\$ 3,360,000	2,647,276	712,724	3,360,000	3,094,337	265,663
Personal service	183,921	170,239	13,682	183,291	162,429	20,862
Expense and equipment	146,239	83,021	63,218	146,239	87,248	58,991
Office lease	21,540	13,860	7,680	35,400	13,860	21,540
Total Children's Trust Fund	<u>\$ 3,711,700</u>	<u>2,914,396</u>	<u>797,304</u>	<u>3,724,930</u>	<u>3,357,874</u>	<u>367,056</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

CHILDREN'S TRUST FUND BOARD  
NOTES TO THE FINANCIAL STATEMENTS

Notes to the Financial Statements:

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying financial statements present only selected data for the Children's Trust Fund of the Children's Trust Fund Board.

Receipts, disbursements, and changes in cash and investments are presented in Exhibit A for the Children's Trust Fund. Appropriations from this fund are expended by or for the board for restricted purposes.

Appropriations, presented in Exhibit B, are not separate accounting entities. They do not record the assets, liabilities, and equity or other balances of the related funds but are used only to account for and control the board expenditures from amounts appropriated by the General Assembly.

Expenditures presented for each appropriation may not reflect the total cost of the related activity. Other direct and indirect costs provided by the board and other state agencies are not allocated to the applicable fund or program.

B. Basis of Accounting

The Statement of Receipts, Disbursements, and Changes in Cash and Investments, Exhibit A, prepared on the cash basis of accounting, presents amounts when they are received or disbursed.

The Statement of Appropriations and Expenditures, Exhibit B, is presented on the state's legal budgetary basis of accounting. Expenditures generally consist of amounts paid by June 30, with no provision for lapse period expenditures unless the Office of Administration approves an exception. Amounts encumbered at June 30 must be either canceled or paid from the next year's appropriations.

However, the General Assembly may authorize continuous (biennial) appropriations, for which the unexpended balances at June 30 of the first year of the 2-year period are reappropriated for expenditure during the second year. Therefore, such appropriations have no lapsed balances at the end of the first year.

The cash basis of accounting and the budgetary basis of accounting differ from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and

measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Fiscal Authority and Responsibility

The board administers transactions in the Children's Trust Fund. The state treasurer as fund custodian and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly.

The Children's Trust Fund was established by Section 210.173, RSMo, to receive gifts, grants, and federal monies for establishing and developing programs to prevent or alleviate child abuse or neglect and for paying the administrative costs of the Children's Trust Fund Board. Appropriations from the fund authorize disbursements as directed by the Children's Trust Fund Board in accordance with the provisions under Sections 210.170 through 210.174, RSMo. Any monies remaining in the fund are perpetually maintained for the purposes of the fund.

D. Employee Fringe Benefits

In addition to the social security system, employees are covered by the Missouri State Employees' Retirement System (MOSERS) (a noncontributory plan) and may participate in the state's health care, optional life insurance, cafeteria, and deferred compensation and deferred compensation incentive plans. The optional life insurance and cafeteria plans involve only employee contributions or payroll reductions. The deferred compensation plan involves employee payroll deferrals and the deferred compensation incentive plan a state contribution for each employee who participates in the deferred compensation plan and has been employed by the state for at least 1 year.

The state's required contributions for employee fringe benefits are paid from the same funds as the related payrolls. Those contributions are for MOSERS (retirement, basic life insurance, and long-term disability benefits); social security and medicare taxes; health care premiums; and the deferred compensation incentive amount.

Employee fringe benefits in the financial statements at Exhibit A are the transfers from the Children's Trust Fund for costs related to salaries paid from that fund. Transfers related to salaries are not appropriated by agency and thus are not presented in the financial statement at Exhibit B.

2. Cash and Investments

The balance of the Children's Trust Fund is pooled with other state funds and invested by the state treasurer. In accordance with Section 210.173, RSMo 2002, the Children's Trust Fund maintains a perpetual reserve of \$1 million which is not available for expenditure.

3. Transfers

The transfer in amounts are income tax contributions designated by individual and corporate taxpayers on their income tax returns under the provisions of Section 210.174, RSMo.

The transfer out amounts include the Children's Trust Fund's proportional share of the refunds paid back to Missouri taxpayers under Article X, Sections 16 through 24 of the Constitution of Missouri (Hancock Amendment), employee fringe benefits, allocation of costs in support of the state's central services to the General Revenue Fund, and other as follows:

	<u>Year Ended June 30,</u>	
	<u>2003</u>	<u>2002</u>
Hancock Amendment refunds	\$ 1,341	0
Employee fringe benefits	49,533	49,788
Cost Allocation	31,339	31,339
Other	<u>533</u>	<u>582</u>
Total transfers out	\$ <u>82,746</u>	<u>81,709</u>



## Supplementary Data

Schedule

CHILDREN'S TRUST FUND BOARD  
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,			
	2003	2002	2001	2000
Salaries and wages	\$ 170,239	162,429	155,691	173,500
Travel, in-state	11,157	9,355	8,945	10,600
Travel, out-of-state	0	161	6,619	5,561
Fuel and utilities	3,198	3,726	2,590	3,316
Supplies	24,767	23,851	0	0
Administrative supplies	0	0	19,868	18,842
Merchandising supplies	0	0	5,377	3,941
Repair, maintenance, and usage supplies	0	0	327	359
Specific use supplies	0	0	15	18,907
Professional development	3,595	1,225	4,460	4,838
Communication service and supplies	5,787	6,055	7,445	7,057
Business services	0	0	62,706	49,540
Professional services	50,245	61,967	4,627	7,990
Housekeeping and janitorial services	1,269	0	266	139
Maintenance and repair services	809	844	0	0
Equipment maintenance and repair services	0	0	1,075	949
Computer equipment	0	60	47	329
Office equipment	0	0	178	1,527
Other equipment	0	420	0	0
Real property rentals and leases	14,460	14,471	16,445	15,415
Equipment rental and leases	1,509	67	0	0
Building and equipment rentals	0	0	1,802	535
Miscellaneous expenses	3,933	8,062	13,162	9,499
Refunds	0	80	0	0
Program distributions	2,623,428	3,065,101	2,736,594	1,770,612
Total Expenditures	\$ <u>2,914,396</u>	<u>3,357,874</u>	<u>3,048,239</u>	<u>2,103,456</u>

Note: Certain classifications of expenditures changed during the four-year period, which may affect the comparability of the amounts.

The accompanying Notes to the Financial Statements are an integral part of this statement.

## MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Finding

CHILDREN'S TRUST FUND BOARD  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDING

We have audited the financial statements of the Children's Trust Fund Board as of and for the years ended June 30, 2003 and 2002, and have issued our report thereon dated January 9, 2004.

During our audit, we identified a certain management practice which we believe could be improved. Our audit was not designed to be a detailed study of every system, procedure, and transaction. Accordingly, the finding presented in the following Management Advisory Report should not be considered all-inclusive of areas needing improvement.

<b>Contract Management</b>
----------------------------

The Children's Trust Fund Board (CTFB) does not adequately monitor the home visitation services contracts.

The CTFB has a monitoring policy which requires CTFB employees to review all contractors through an on-site visit or via telephone, depending on the level of funding received, at least once every 5 years. There was no documentation the CTFB performed monitoring reviews of the Home Visitation Services contracts. The CTFB disbursed approximately \$363,000 and \$361,500 related to these contracts during FY 2003 and FY 2002, respectively.

Although no on-site or telephone monitoring was performed by the CTFB, annual reports were filed with the CTFB. Outcome measures were included in the annual reports and appeared to be in compliance with the contract requirements; however, without performing periodic on-site visits, the CTFB cannot determine the reported outcome measures are accurate. As a result, the CTFB, cannot be sure the monies paid to the contractor were used in compliance with the contract.

**WE RECOMMEND** the CTFB ensure adequate monitoring procedures are performed for home visitation services contracts.

**AUDITEE'S RESPONSE**

*The Executive Director indicated the CTFB plans to amend the contract with the home visitation provider to state an onsite-monitoring visit will be conducted by June 30, 2004.*

This report is intended for the information and use of the management of the Children's Trust Fund Board and other applicable government officials. However, pursuant to Section 29.270, RSMo 2000, this report is a matter of public record and its distribution is not limited.

## STATISTICAL SECTION

History, Organization, and  
Statistical Information

## CHILDREN'S TRUST FUND BOARD HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Children's Trust Fund Board was established by Section 210.170, RSMo, to provide child abuse and neglect public awareness programs throughout the state. Under the provisions of Section 210.174, RSMo, any individual or corporation may designate a part or all of his/her income tax refund to be contributed to the Children's Trust Fund. Additional funding is derived from contributions made directly to the Children's Trust Fund, fees on marriage licenses, certified copies of marriage licenses, vital records, and federal grants.

Effective August 28, 2002, Section 210.170, RSMo, increased the number of board members from seventeen to twenty-one. Seventeen members are appointed by the governor with the advice and consent of the Senate. Members serve until their successor is appointed. Two members of the Missouri House of Representatives are appointed by the speaker of the House and two members of the Missouri Senate are appointed by the president pro tem of the Senate. Members of the Senate and House of Representatives serve on the Children's Trust Fund Board until their term in the House or Senate expires. At June 30, 2003, the Children's Trust Fund Board had twenty members and one vacancy. Members serving on the board as of June 2003 were:

<u>Members</u>	<u>City</u>	<u>Term Expires</u>
Dudley McCarter	St. Louis	September 2004
Terry Bloomberg	St. Louis	September 2006
Sam Burton	Rolla	September 2004
Mildred Jamison	Florissant	September 2002
Reverend Robert Marty	Mexico	September 2006
James Monteleone, M.D.	Town & Country	September 2002
Nanci Bobrow, Ph.D.	St. Louis	September 2006
Lynne M. Cooper, D. Min.	St. Louis	September 2005
Shawn Griffin, M.D.	St. Joseph	October 2005
Emmy McClelland	Webster Groves	September 2003
Kaye Steinmetz	Rolla	September 2002
Kay Lynne Myers	Kansas City	September 2006
Christy Broce	Raytown	September 2006
Sarah Long	Poplar Bluff	September 2005
Daniel "Duke" McVey	Jefferson City	September 2000
Senator Patrick Dougherty (public member)	St. Louis	September 2005
Representative Vicki Riback-Wilson	Columbia	
Representative Lanie Black	Jefferson City	
Senator Carl Vogel	Jefferson City	
Senator Harold Caskey	Butler	



The board is empowered to enter into contracts with public or private agencies, schools, or qualified individuals to establish community-based educational and service programs focused on the prevention of child abuse and neglect. The programs include crisis care, home visiting, counseling, and support groups. The board also provides public education about the problem of child abuse and neglect. These programs include crisis care, home visiting, counseling, and support groups. The board also provides public education about the problem of child abuse and neglect and how Missouri citizens can contribute to prevention efforts.

The board may appoint an executive director to perform administrative duties. Bill Heberle was appointed Executive Director in November 1998. Three other employees perform various administrative and clerical tasks.